

Advisor, could be used in any manner by such client to the material disadvantage of Government of India or the Company (being disinvested) in the transaction. The conflict of interest would be deemed to have arisen if any Advisor firm/concern, has any professional or commercial relationship with any bidding firm/concern for the same disinvestment transaction during the pendency of such transaction. In this context, both Advisor firm and bidding firm would mean the distinct and separate legal entities and would not include their sister concern, group concern or affiliates etc. The professional or commercial relationship is defined to include acting on behalf of the bidder or undertaking any assignment for the bidder of any nature, whether or not directly related to disinvestment transaction.

(i) On receiving information on conflict of interest, the Government would give the option to the Advisor to either eliminate the conflict of interest within a stipulated time or withdraw from the transaction and the Advisor would be required to act accordingly, failing which Government would have the liberty to terminate the appointment/contract.

(A.K. Tewari)

Under Secretary to the Government of India.

To

As per list attached.

News-item "BALCO sale a fraud"

1526. SHRI S. RAMACHANDRAN PILLAI: Will the Minister of DIS-INVESTMENT be pleased to state:

(a) whether Government's attention has been drawn to the news- item captioned "BALCO sale a fraud", which appeared in the Times of India, dated 17th April, 2001;

(b) whether it is a fact that the bureaucrats are deliberately turning the public sector companies into loss making units and an inquiry is needed to testify the facts; and

(c) if so, Government's reaction thereon?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Yes, Sir.

(b) No, Sir. The financial performance of the PSUs, whether profit making or loss making, is a function of a large number of factors. Moreover, the public sector companies are run and governed in accordance with the provisions of the Companies Act, 1956 by competent professionals.

(c) Does not arise.

Criticism against the shedding of Government's stake in Air India

1527. SHRI RAVI SHANKAR PRASAD: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government are aware of the criticism being made from different quarters against the shedding of Centre's stake in Air India because of undue haste and lack of transparency during the process of pulling down the stake;

(b) if so, the details of the proposed disinvestment plan of Air India and the parties who have come forward to offer technical and financial bids finally to take over the Air India; and

(c) the measures taken to win over the confidence of different interests before taking a final decision in the matter?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) The process of disinvestment of Government equity in Air India is being carried out in accordance with the declared policy and totally transparent procedures of the Government. The Government is following the procedures without any undue haste. It would be clear from the inclosed statement (*See below*) that the process has taken a long time and has progressed in consultation with all concerned in a transparent manner.

(b) the proposed disinvestment plan in respect of Air India is as under:

- (i) Govt. equity to be brought down to 40% through disinvestment process.
- (ii) 40% of the equity to be disinvested in favour of a strategic partner (SP).
- (iii) Up to 10% of the equity to be offered to employees.
- (iv) The balance (10%) of equity to be sold to financial institutions and /or on the share market.
- (v) Foreign holding to be limited to a maximum of 26% of total equity if the SP is a Joint Venture with foreign holding.